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South Africa, Republic of

Grain and Feed

Monthly Update

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Report Highlights:

South Africa's 2001 corn crop, currently being harvested, is estimated at close to 9 million tons, compared to the 7.5 million ton 2000 crop. With commercial consumption estimated at about 8 million tons, a considerable surplus is available for export to the drought stricken region. Imports of close to 600,000 tons are also foreseen which should allow total exports to reach 1.2 million tons in MY02/03 compared to 1.28 million in MY 01/02. Actual commercial sales into the region will be affected by the limited foreign exchange available to the drought stricken countries. Donated grain is expected to form the bulk of the assistance rendered.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Pretoria [SF1], SF

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Executive Summary

The fifth official estimate of South Africa's 2001 corn crop, currently being harvested, was increased to close to 9 million tons, 80,000 tons more than the previous estimate. The increase was mainly due to harvest results. With deliveries of white corn exceeding the estimate over the past two seasons, the whole white corn crop of 5.25 million tons is expected to be delivered while yellow corn deliveries is expected to reach 3.5 million tons. With commercial consumption around 8 million tons, this leaves 750,000 tons for export before imports are taken into account. Imports are, however, expected to reach nearly 600,000 tons bolstered by about 280,000 tons of white corn already purchased from the US of which 47,000 tons arrived in April and 48,000 tons in May. Imports of yellow corn from Brazil and Argentina are also continuing with 47,000 tons having arrived in May. May/April MY 02/03 exports could reach 1.2 million tons including 450,000 tons to the Customs Union members and some GMO free yellow corn exports to Japan. Commercial sales to the drought stricken countries in the region are being limited by their foreign exchange constraints. Humanitarian agency purchases will also mainly be limited to yellow corn purchases as white corn is expensive. The bulk of their needs will be met by donations. Food aid to Malawi and Zambia are expected to be imported through Tanzania and Mozambique relieving pressure on the South African transport system.

Sources:

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www.grains.co.za
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Corn

PSD Table						
Country	South Africa, Republic of					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		05/2001		05/2002		05/2003
Area Harvested	3225	3223	3360	3350	0	3400
Beginning Stocks	2130	2040	980	460	1030	600
Production	7500	7500	9000	8990	0	9000
TOTAL Mkt. Yr. Imports	200	395	50	590	0	300
Oct-Sep Imports	50	350	200	400	0	300
Oct-Sep Import U.S.	0	180	50	160	0	100
TOTAL SUPPLY	9830	9935	10030	10040	1030	9900
TOTAL Mkt. Yr. Exports	1300	1280	1500	1200	0	1000
Oct-Sep Exports	1469	1470	1500	1300	0	1000
Feed Dom. Consumption	3550	3575	3500	3600	0	3600
TOTAL Dom. Consumption	7550	8195	7500	8240	0	8300
Ending Stocks	980	460	1030	600	0	600
TOTAL DISTRIBUTION	9830	9935	10030	10040	0	9900

Production

On June 20 the National Crop Estimates Committee released its 5th estimate of South Africa's 2001 corn crop, that is the crop planted in 2001 currently being harvested. Commercial corn production was increased by about 80,000 tons compared to the previous estimate, with both white and yellow corn gaining about 40,000 tons. The following table contains the details:

Corn	Area planted 2000	Yield	Final est.	Area planted 2001	Yield	Fourth est.
	'000 ha.	mt/ha	'000 mt.	'000 ha.	mt/ha.	'000 mt.
Commercial						
White corn	1 596	2.58	4 110	1 722	2.91	5 003
Yellow	1 112	2.80	3 115	1 111	3.30	3 668
Total	2 708	2.67	7 225	2 833	3.06	8 671
Developing agriculture						
White	386	0.49	189	408	0.60	245
Yellow	129	0.53	69	109	0.66	72
Total	515	0.50	259	517	0.61	317
Total corn						
White	1 982	2.17	4 299	2 130	2.46	5 248
Yellow	1 241	2.57	3 184	1 220	3.07	3 740
TOTAL	3 223	2.32	7 483	3 350	2.68	8 988

While the crop on commercial farms is generally used as domestic production, actual deliveries to the silos indicate that the crop is either underestimated or that most of the crop in the developing agricultural sector also reaches the market.

The following table compares the crop estimates with actual deliveries to the silos, taking early deliveries into account and adding it to the relevant marketing year. Early deliveries are deliveries in April before the start of the marketing year in May each year. It amounted to 199,000 tons in April 2000, 74,000 tons in April 2001 and 531,000 tons in April 2002. About 196,100 tons from the new crop was already delivered in March 2002 which is also deducted from the carry over and added to the new crop. Note that it is usually the white corn deliveries which normally exceed the total crop estimate. All figures are rounded.

	White corn	yellow corn	Total corn
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Crop estimate, '000 mt.	FAS 1999	MY 2000/2001	
Commercial	6 155	3 985	10 140
Developing	295	125	420
Total	6 450	4 110	10 560
Deliveries *	6 510	4 025	10 535
Difference= retention	+60	85	25
Crop estimate	FAS 2000	MY 2001/2002	
Commercial	4 110	3 115	7 225
Developing	190	70	260
Total	4 300	3 185	7 485
Deliveries	4 360	2 910	7 270
Difference= retention	+60	275	215
Crop estimate	FAS 2001	MY 2002/2003	
Commercial	5005	3670	8675
Developing	245	70	315
Total	5 250	3 740	8 990
Delivery estimate	5 250	3 500	8 750
Difference=retention	0	240	240

Consumption

The total Gain PS&D above is based on crop estimates and other known factors such as stocks, imports and exports with only consumption derived from the other data. Consumption thus includes on farm utilization.

Based on the actual deliveries to silos, and taking out of season deliveries into account, a commercial PS&D can be calculated. In this PS&D the carry over, delivery, import, and export figures are real and supplied by SAGIS while only consumption is derived from the other data.

Table: South Africa, Commercial corn PS&D

	FAS 2000	May 2001 to	April 2002	FAS 2001Est	May 2002 to	April 2003
'000 mt.	White	Yellow	Total	White	Yellow	Total
B/stocks *	1245	795	2040	250	210	460***
(Prod. est.)	(4300)	(3185)	(7485)	(5250)	(3740)	(8990)
Deliveries **	4360	2910	7270	5250	3500	8750*****
Imports	45	350	395	300	290	590
Supply	5650	4055	9705	5900	3900	9800
Exports	760	520	1280	900	300	1200
Dom. use	4640	3325	7965	4650	3350	8000
E/stocks***	250	210	460	250	350	600

* Excluding April 2001 early deliveries of 74,000 tons.

** Including April 2001 early deliveries.

*** Excluding March and April 2002 early deliveries of 727,000 tons.

***** Including March and April 2002 early deliveries.

Domestic consumption is thus expected to show only a small increase this season as the high domestic price levels impacts on the situation.

Current SAFEX indicator prices are: June 27, 2002, US\$ 1 = R10.25

White corn	Rand/mt.	US\$/mt.	Yellow corn	Rand/mt.	US\$/mt.
July 02	1749	170.63		1350	131.71
Sept. 02	1788	174.44		1383	134.93
Dec. 02	1845	180.00		1435	140.00
March 03	1871	182.54		1468	143.22
May 03	1845	180.00		1460	142.44
July 03	1655	161.46		1460	142.44

The high prices are affecting consumption and causing consternation in consumer and government circles. The July 2002 indicator price for white corn is R1749/ton and R1350/ton for yellow. The July 2001 SAFEX price for white corn was R756/ton and yellow R784/ton, an increase of 131% for white corn and 72% for yellow in one year. The exchange rate can partly be blamed for the increase as the Rand devalued from R8.06 to the US dollar at the same time last year, to R10.25 or by 27%. The rest of the increase is due to the perceived demand brought about by the famine in the region. Although Zimbabwe, Zambia and Malawi need more than a million tons to avert starvation, the commercial demand based on their ability to pay is probably limited. Humanitarian

agencies are more likely to get food donations than money and the financial assistance they get will probably have to be used to distribute the food. Food aid purchases from South Africa is likely to be limited, and may consist mainly of yellow corn, as the white corn premium is high. South African white corn is currently trading at above import parity leading to extensive imports. Indicative current import parity prices for yellow corn is about R1480/ton and white about R1730/ton ex Randfontein which is used as the basis for SAFEX prices. This implies that imports should be cheaper than domestic corn in the coastal areas.

Trade

The South African Revenue Service (SARS) recently released January to March 2002 export figures which can be used in conjunction with the South African Grain Information Service (SAGIS) figures. The SAGIS figures include sales to the Customs Union members (BLNS countries) not covered by SARS. The combined figures then give an indication of all export destinations.

Estimated South African Corn exports by destination, January to March 2002;

'000 Metric tons	White	Yellow	Total
Zimbabwe	52	0	52
Zambia	50	0	50
Japan	0	49	49
Malawi	23	0	23
Mozambique	10	0	10
Congo	5	0	5
BLNS	177	16	193
Total	317	65	382

In April 2002 an additional 58,000 tons of white and 25,000 tons of yellow corn were exported to the regional markets. This brought the seasonal May 2001 to April export total to 1.281 million tons as follows:

Season May/April 01/02	White corn	Yellow corn	Total exports
Regional overland sales	671,000 mt.	81,000 mt.	752,000 mt.
Overseas exports	89,000 mt.	440,000 mt.	529,000 mt.
Total for season	760,000 mt.	521,000 mt.	1,281,000 mt.

In May 2002, the first month of the new May 02/April 03 marketing season, South Africa exported 91,000 tons of corn, 71,000 tons of white and 20,000 tons of yellow. This went through overland border posts to countries in the region, while no overseas shipments were made. During the same month 48,000 tons of white and 47,000 tons of yellow, totaling 95,000 tons, were imported, highlighting South Africa's free and open market.

We estimate that MY 02/03 imports may reach nearly 600,000 tons compared to the nearly 400,000 tons imported during MY 01/02. Exports may reach 1.2 million tons again after 1.28 million tons were exported during MY 01/02.

The extent of the exports will firstly be determined by the traditional purchases by the BLNS countries and Mozambique. These sales usually amount to about 450 to 500,000 tons but could be somewhat less this year as import substitution take place. Commercial imports by Zambia, Zimbabwe and Malawi are limited by foreign exchange constraints, while purchases by the humanitarian agencies could play a small role, mainly in the yellow corn market as white corn is expensive. Some GMO free yellow corn exports to Japan is expected.

On the import side 281,000 tons of US white corn purchases has been reported up to June 13 of which 47,000 tons arrived in April and 48,000 tons arrived in May. Some of these stocks might find their way into the region and not only into South Africa. Yellow corn imports from Argentina and Brazil are expected to continue. The following table contains the import details to date:

Imports '000 Mt.	WM	YM	TM	Progressive total
SAGIS Jan 2002	0	67	67	91
Feb.	0	78	78	169
March	0	105	105	274
April	47	74	121	395
MY 01/02 Total	47	348	395	395
May	48	47	95	95